

REVISED 8/23/05

ANNUAL REPORT

OF

Exact Legal Name of Reporting Utility

(Address of Utility)

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20

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TELEPHONE UTILITIES - ANNUAL REPORT

Please furnish the following information, for **KENTUCKY OPERATIONS** only:

BASIC SERVICE:

* Average Residential Basic Service Monthly Bill \$
 * Not Including Taxes/Nonregulated Services

NAMES OF COUNTIES IN WHICH YOU FURNISH TELEPHONE SERVICE:

(If additional space is required, add additional sheet)

OFFICER OR OTHER PERSON TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED CONCERNING THIS REPORT:

Name _____ Title _____

Address _____ City _____

State _____ Zip Code _____ Telephone Number _____

This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.

PRINCIPAL PAYMENT, INTEREST, AND LONG-TERM DEBT INFORMATION FOR THE YEAR ENDING DECEMBER 31, 20____.

1. Amount of Principal payment during calendar year \$ _____
2. Is Principal current? Yes _____ No _____
3. Is Interest current? Yes _____ No _____
4. Has all long-term debt been approved by the Public Service Commission?
Yes _____ No _____ PSC Case Number _____

SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT:

Are your financial statements examined by a Certified Public Accountant?

Yes _____ No _____

If yes, which service was performed?

Audit _____ Compilation _____ Review _____

Please enclose a copy of the accountant's report with the annual report

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year, representing the last month and year covered in the report.
3. This schedule consists of 1 page.
4. Respondents shall report in column (a) the name and address of each person who was a director or a general officer during the year. Report in column (b) for each person listed in column (a) the title and the department over which that officer had jurisdiction.
5. Respondents shall report in column (c) the date the term expired or the date the current term will expire and in column (d) how long the director has served continuously.

BOARD OF DIRECTORS AND GENERAL OFFICERS

Schedule I
KPSC Form T (Revised 8/04)

Company _____ Page 1 of 1
Period Ended _____

Name of Director or Officer and Address (City & State) (a)	Title and Department Over which Jurisdiction is Exercised (b)	Term Expired or Current Term Will Expire (c)	Served Continuously From (d)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			

(use additional sheet, if needed)

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STOCKHOLDERS

Schedule II
Page 1 of 1
KPSC Form T (Revised 8/04)

Company
Period Ended

Name and Address (City & State) of Stockholder	Shares Held
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	

(use additional sheet, if needed)

Total holders of above class of stock

Date of above compilation _____ Purpose of the compilation

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year, representing the last month and year covered in the report.
3. This schedule consists of 6 pages.
4. On page 1, the respondents shall enter in column (c) the ending account balances for the accounts identified in column (b).
5. On pages 2, 3 and 4, the respondents shall for each account identified in column (a) , enter in column (c) the balance recorded in that account at the beginning of the year covered by the report, in column (d) dollars attributable to plant added during the calendar year, in column (e) dollars attributable to plant retired during the calendar year, in column (f) transfers and adjustments during the year, and in column (g) the ending balance as of the close of the calendar year.
6. On pages 5 and 6, the respondents shall enter in column (c) the ending account balances for the accounts identified in column (a).
7. Each group of asset, liability or stockholders' equity accounts shall be subtotaled in the space provided.

BALANCE SHEET ACCOUNTS

Schedule III
Page 1 of 6
KPSC Form T (Revised 8/04)

Company
Period Ended

Account (a)	Account Title (b)	Amount (c)
<u>Current Assets</u>		
1120	Cash and Equivalents	
1170	Receivables	
1171	Allowance For Doubtful Accounts	
1220	Inventories	
1280	Prepayments	
1350	Other Current Assets	
1406	Non-Regulated Investments	
1410	Other Noncurrent Assets	
1438	Deferred Maintenance and Retirements	
1500	Other Jurisdictional Assets - Net	
	Total Current Assets	

BALANCE SHEET ACCOUNTS

Company

Period Ended

Account (a)	Account Title (b)	Beginning Balance (c)	Additions (d)	Retirements (e)	Transfer Adjustments (f)	Ending Balance (g)
	<u>Telephone Plant</u>					
2001	Telephone Plant In Service					
2002	Property Held for Future Telecom.					
2003	Telecom. Plant Under Construction					
2005	Telecommunications Plant Adjustment					
2006	Nonoperating Plant					
2007	Goodwill					
	Total Telephone Plant					
	<u>Land and Support Assets</u>					
2111	Land					
2112	Motor Vehicles					
2113	Aircraft					
2114	Tools and Other work Equipment					
2121	Buildings					
2122	Furniture					
2123	Office Equipment					
2124	General Purpose Computers					
	Total Land and Support Assets					
	<u>Central Office - Switching</u>					
2211	Non-Digital Switching					
2212	Digital Electronic Switching					
	Total Central Office Switching					
2220	Operator Systems					

BALANCE SHEET ACCOUNTS

Company
Period Ended

Account (a)	Account Title (b)	Beginning Balance (c)	Additions (d)	Retirements (e)	Transfer Adjustments (f)	Ending Balance (g)
	<u>Central Office - Transmission</u>					
2231	Radio Systems					
2232	Circuit Equipment					
	Total Central Office Transmission					
	<u>Information Origination/Termination</u>					
2311	Station Apparatus					
2321	Customer Premises Wiring					
2341	Large Private Branch Exchanges (PBX)					
2351	Public Telephone Terminal Equipment					
2362	Other Terminal Equipment					
	Total Information Origin./Termin.					
	<u>Cable & Wire Facilities Assets</u>					
2411	Poles					
2421	Aerial Cable					
2422	Underground Cable					
2423	Buried Cable					
2424	Submarine and Deep Sea Cable					
2426	Intra-Building Network Cable					
2431	Aerial wire					
2441	Conduit Systems					
	Total Cable & Wire Facilities Assets					

BALANCE SHEET ACCOUNTS

Company
Period Ended

Account (a)	Account Title (b)	Beginning Balance (c)	Additions (d)	Retirements (e)	Transfer Adjustments (f)	Ending Balance (g)
	<u>Amortizable Assets</u>					
2680	Amortizable Tangible Assets					
2681	Capital Leases					
2682	Leasehold Improvements					
	Total Amortizable Assets					
2690	Intangibles					
	Total Tele. Plant in Service-Acct 2001					

BALANCE SHEET ACCOUNTS

Schedule III
Page 5 of 6
KPSC Form T (Revised 8/04)

Company

Period Ended

Account (a)	Account Title (b)	Amount (c)
	<u>Depreciation and Amortization</u>	
3100	Accumulated Depreciation	
3200	Accumulated Depreciation - Held for Future Telecom Use	
3300	Accumulated Depreciation - Nonoperating	
3410	Accumulated Amortization - Capitalized Leases	
	Total Depreciation and Amortization	
	Net Telephone Plant (Total Tele. Plt. less Total Depreciation & Amortization)	
	Total Assets	
	<u>Current Liabilities</u>	
4000	Current Accounts and Notes Payable	
4040	Customers' Deposits	
4070	Income Taxes - Accrued	
4080	Other Taxes - Accrued	
4100	Net Current Deferred Operating Income Taxes	
4110	Net Current Deferred Nonoperating Income Taxes	
4130	Other Current Liabilities	
	Total Current Liabilities	
4200	Long Term Debt and Funded Debt	
	<u>Other Liabilities and Deferred Credits</u>	
4300	Other Long Term Liabilities and Deferred Credits	
4320	Unamortized Operating Investment Tax Credits - Net	
4330	Unamortized Nonoperating Investment Tax Credits - Net	
4340	Net Noncurrent Deferred Operating Income Taxes	
4341	Net Deferred Tax Liability Adjustments	
4350	Net Noncurrent Deferred Nonoperating Income Taxes	
4361	Deferred Tax Regulatory Adjustments - Net	
4370	Other Jurisdictional Liabilities/Deferred Credits - Net	
	Total other Liabilities and Deferred Credits	

BALANCE SHEET ACCOUNTS

Company

Period Ended

Account (a)	Account Title (b)	Amount (c)
4510	Capital Stock	
4520	Additional Paid-In Capital	
4530	Treasury Stock	
4540	Other Capital	
4550	Retained Earnings	
	Total Stockholders' Equity	
	Total Liabilities & Stockholders' Equity	
	Retained Earnings (Beginning of Year)	
	Net Income	
	Dividends Declared	
	Capital Credit Rotations	
	Miscellaneous Debits*	
	Miscellaneous Credits*	
	Retained Earnings (End of Year)	

* Explain any individual item over \$10,000

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year, representing the last month and year covered in the report.
3. This schedule consists of 1 page. Additional sheets may be used as required.
4. As column headings for columns (b) through (j), reporting companies shall identify the affiliated companies accounted for under the "equity method".
5. With respect to each company identified in columns (b) through (j), the reporting company shall provide the information called for on the line items shown in column (a). If there is no information to be reported for a line item included in column (a) for any company reported in columns (b) through (j), the reporting company should enter "0" (zero) in the appropriate column.
6. The reporting company shall reconcile this schedule to Account 1410, Other Noncurrent Assets, as shown on the balance sheet.

[illegible]

INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year, representing the last month and year covered in the report.
3. This schedule consists of 1 page. Additional sheets may be used as required.
4. As column headings for columns (b) through (j), respondents shall identify the data relating to nonaffiliated companies accounted for in Account 1410.
5. With respect to each company identified in columns (b) through (j), the reporting company shall provide the information called for on the line items shown in column (a). If there is no information to be reported for a line item included in column (a) for any company reported in columns (b) through (j), the reporting company should enter "0" (zero) in the appropriate column.
6. The reporting company shall reconcile this schedule to Account 1410, Investments in Nonaffiliated Companies, as shown on the balance sheet.

[illegible]

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year representing the last month and year covered in the report.
3. This schedule consists of 5 pages.
4. On page 1, respondents shall enter in column (c) the revenues recorded in each of the accounts, identified in column (a) for the calendar year covered by the report.
5. On pages 2, 3, and 4, respondents shall enter in columns (d) through (g) the expense amounts attributable to the matrix for salaries and wages, benefits, rents, and other expenses. These matrix elements shall be totaled and reported in column (c).
6. On page 5, respondents shall enter in column (c) the dollar amounts recorded in each of the accounts identified in column (b) for the calendar year covered by the report.
7. In spaces provided, respondents shall enter subtotals for each account group of revenues and expenses and totals for each category. Total net income shall be reported on page 5 of this schedule.

INCOME STATEMENT ACCOUNTS

Schedule VI
Page 1 of 4

Company

KPSC FORM 5 (Revised 8/04)

Period Ended

Account (a)	Account Title (b)	Amount (c)
	<u>Local Network Service</u>	
5001	Basic Area Revenue	
5040	Private Line Revenue	
5060	Other Basic Area Revenue	
	TOTAL LOCAL NETWORK SERVICE REVENUES	
	<u>Network Access Service Revenues</u>	
5081	End User Revenue	
5082	Switched Access Revenue	
5083	Special Access Revenue	
	TOTAL NETWORK ACCESS REVENUE	
5100	Long Distance Message Revenue	
5200	Miscellaneous Revenue	
5230	Directory Revenue	
5280	Non-Regulated Operating Revenue	
5300	Uncollectible Revenue	
	TOTAL OPERATING REVENUES	

Account (a)	Account Title (b)	Total (c)
	<u>PLANT SPECIFIC OPERATION EXPENSE</u>	
6112	Motor Vehicle Expense	
6113	Aircraft Expense	
6114	Tools and Other Work Equipment Expense	
	TOTAL NETWORK SUPPORT EXPENSE	
6121	Land & Building Expense	
6122	Furniture & Artworks Expense	
6123	Office Equipment Expense	
6124	General Purpose Computers Expense	
	TOTAL SUPPORT EXPENSE	
6211	Non-Digital Switching Expense	
6212	Digital Electronic Switching Expense	
	TOTAL CENTRAL OFF. SWITCH. EXP.	
6220	Operator Systems Expense	
6231	Radio Systems Expense	
6232	Circuit Equipment Expense	
	TOTAL CENTRAL OFF. TRANS. EXP.	
6311	Station Apparatus Expense	
6341	Large Private Branch Exchange (PBX) Expense	
6351	Public Telephone Terminal Equipment Expense	
6362	Other Terminal Equipment Expense	
	TOTAL INFO. ORIG./TERM. EQUIP.	
6411	Poles Expense	
6421	Aerial Cable Expense	
6422	Underground Cable Expense	
6423	Buried Cable Expense	
6424	Submarine and Deep Sea Cable Expense	
6426	Intrabuilding Network Cable Expense	
6431	Aerial wire Expense	
6441	Conduit Systems Expense	
	TOTAL CABLE & WIRE EXPENSE	
	TOTAL PLANT SPC. EXPENSE	

Account (a)	Account Title (b)	Total (c)
	PLANT NONSPECIFIC OPER. EXPENSE	
6511	Plant Held for Future Telecommunications Use Expense	
6512	Provisioning Expense	
	TOTAL OTHER PP&E EXPENSE	
6531	Power Expense	
6532	Network Administration Expense	
6533	Testing Expense	
6534	Plant Operations Administration Expense	
6535	Engineering Expense	
	TOTAL NETWORK OPS EXPENSE	
6540	Access Expense	
6561	Depreciation Expense - Telecomm. Plant In Service	
6562	Depreciation Expense - Property Held For Future Telecommunications Use	
6563	Amortization Expense - Tangible	
6564	Amortization Expense - Intangible	
6565	Amortization Expense - Other	
	TOTAL DEPRECIATION & AMORTIZATION EXP.	
	TOTAL PLANT NONSPECIFIC EXPENSE	
	CUSTOMER OPERATIONS EXPENSE	
6611	Product Management And Sales	
6613	Product Advertising	
	TOTAL MARKETING EXPENSE	
6621	Call Completion Services	
6622	Number Services	
6623	Customer Services	
	TOTAL SERVICES EXPENSE	
6720	General & Administrative	
6790	Provision for Uncollectible Notes Receivable	
	TOTAL CORP. OPER. EXPENSE	
	NET OPERATING REVENUE	

INCOME STATEMENT ACCOUNTS

Schedule VI
Page 4 of 4
KPSC FORM T (Revised 8/04)

Company
Period Ended

Account (a)	Account Title (b)	Amount (c)
7100	Other Operating Income and Expenses	
	<u>Operating Taxes</u>	
7210	Operating Investment Tax Credits - Net	
7220	Operating Federal Income Taxes	
7230	Operating State and Local Income Taxes	
7240	Operating Other Taxes	
7250	Provision for Deferred Operating Income Tax - Net	
	TOTAL OPERATING TAXES	
7300	Nonoperating Income and Expense	
7400	Nonoperating Taxes	
7500	Interest and Related Items	
7600	Extraordinary Items	
	<u>Jurisdictional Differences & Nonregulated Income</u>	
7910	Income Effect of Jurisdictional Ratemaking Differences - Net	
7990	Nonregulated Net Income	
	NET INCOME	

TOTAL NUMBER OF EMPLOYEES AT END OF YEAR

NUMBER OF FULL TIME EMPLOYEES

NUMBER OF PART TIME EMPLOYEES

TOTAL COMPENSATION FOR THE YEAR

\$

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1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year representing the last month and year covered in the report.
3. This schedule consists of 1 page.
4. In column (b) provide for each state or territory the total number of Central Office Switches. If more than one switch is housed in a single building or structure be sure to count each switch separately. Do not separately count each three digit telephone number prefix as a separate switch.
5. Where ISDN services are provided, use column (c) to show for 16 kb/sec control channels the number of such channels divided by 4. For similar services, provide the total number of control channels and indicate types included. Use a foot note if necessary.
6. In column (d) provide the number of 64kb/s or equivalent access lines or ISDN B channels where applicable. Do not include access lines connecting to a customer location PBX or Centrex.
7. In column (e) provide the number of analog 4khz access lines connecting to single or multi-line telephones.
8. In column (f) provide the number multiplied by 24 of DS-1 access lines (1.544 mb/s) connecting to a customer location PBX and/or Centrex.
9. In column (g) provide the number of equivalent 4khz analog circuits or trunks connecting to a customer location PBX or Centrex.
10. In column (h) provide the number of equivalent 4khz extension circuits connecting a Centrex or PBX on telephone company premises to telephones on the customer's premises.
11. In column (i) provide, in terms of equivalent 4khz Analog Circuits of 64kb/s data circuits, the number of other switched access lines not included in columns (c) - (h), and indicate the types in a footnote.

ACCESS LINES IN SERVICE BY TECHNOLOGY

Schedule VII

Page 1 of 1

KPSC FORM T (Revised 8/04)

Company

Period Ended

State or Territory (a)	Number of Central Office Switches (b)	ISDN 16 kh/sec D Channels (Divided by 4) (c)	Main Digital Access Lines 64kh/s or Equivalent (ISDN B Channels Except to PBX's) (d)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL			

Line Number (a)	Main Analog Access Line 4khz or Equivalent (e)	Digital DS-1 Access Lines to PBS's and Centrex (Times 24) (f)	Analog PBX and Centrex Access Trunks (g)	Analog Centrex Extensions (h)	Other (i)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
TOTAL					

Schedule VIII

BY

KPSC FORM T (Revised 8/04)

ACCESS LINES IN SERVICE

CUSTOMER INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year representing the last month and year covered in the report.
3. This schedule consists of 1 page.
4. In the appropriate columns, respondents shall enter the data called for by the column headings.
5. In column (h), the total access lines is the total of columns (b) through (g). Total access line should also equal the total of columns (c), (d), (e), (f), (g), (h) and (i) of Schedule S-2.

ACCESS LINES IN SERVICE BY CUSTOMER

Schedule VIII

Company

Page 1 of 1

KPSC FORM T (Revised 8/04)

Period Ended

State or Territory (a)	Business Access Lines	
	Single Line (b)	Multi-line (c)
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL		

Line Number (a)	Public Access Lines (d)	Residential Access Lines (e)	Mobile Access Lines (f)	Special Access Lines (Non-Switched) (g)	Total Access Lines (Switched and Special) (h)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
TOTAL					

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.
2. In the spaces provided, respondents shall enter the company name and the year representing the last month and year covered in the report.
3. This schedule consists of 1 page.
4. If data are not available as to the location of all access lines by states, the returns may be made in accordance with the location of the central office toll center through which the calls originate.
5. The numbers shown may be based on an actual count taken periodically during the year. Describe in a note the general characteristics of the methods employed in arriving at the numbers shown.
6. As used in the schedule, a "local call" means one between points both of which are within the local service area of the calling telephone, and a "toll call" means one to a point outside of the local service area of the calling telephone. Interlata toll calls are comprised of calls directed to interexchange carriers. Interlata toll calls are toll call handled by a local operating company within a given LATA. The number of toll calls should be based upon originating message volumes.
7. Include any Intralata-Interstate toll calls in column (c).
8. Billed minutes should be based on bills sent to customers. For calls where this data is unavailable, a statistically valid calculation may be made.
9. In column (d), the number of interstate toll calls includes outward calls, 800 service, directory service and dial-it service.
10. In column (f), the number of intrastate toll calls includes outward calls, 800 service, directory service, dial-it service, and optional calling plans.

TELEPHONE CALLS

Schedule IX
Page 1 of 1
KPSC FORM T (Revised 8/04)

Company

Period Ended

State or Territory (a)	Local Calls (Total Local Calls) (b)	Intralata Toll Calls (c)
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
TOTAL		

Line No. (a)	INTERLATA TOLL CALLS (Completed)					
	Interstate		Intrastate		Total Toll Calls	
	Number (d)	Billed Minutes (e)	Number (f)	Billed Minutes (g)	Number (h)	Billed Minutes (i)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

OATH

Commonwealth of _____)
County of _____) ss:

I, _____, having appeared before the undersigned officer duly authorized to administer oaths and being duly sworn, state under oath that I am _____ of _____ (“Respondent”); that I have supervision over the books of account and other financial records of the Respondent and have control over the manner in which they are kept; that such books and records have, during the period covered by the foregoing report, been maintained in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky; that I have carefully examined the foregoing report and to the best of my knowledge and belief the information contained in this report is, so far as it relates to matters of accounts, in accordance with the said books of account; that all other statements of fact contained in the foregoing report are true; and that the foregoing report is a correct and complete statement of the business and affairs of the Respondent in every respect and manner during the period of time from and including _____, 20____, to and including _____, 20_____

(Signature of Officer)

Subscribed and sworn to before me, a _____, in and for the State and County named in the above this _____ day of _____, 20_____

(Apply Seal Here)

My Commission Expires _____

(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

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